

One of the fundamental principles upon which the country was founded is that a system of checks and balances coupled with individual free choice will yield a reasonable outcome to the people. It is the basis for our political system (as described in the Constitution) and is reflected in the laws which govern business behavior, such as Federal acquisition rules and anti-monopoly laws. In business and the economy, it is implemented by the government in several ways, including the creation of oversight boards (for example, governing utilities), but the most common and powerful mechanism is via free and open competition.

These principles are directly applicable to FCC 07-189, "Exclusive Service Contracts for Provision of Video Services in Multiple Dwelling Units and Other Real Estate Developments" (MB Docket No. 07-51).

Exclusive contracts result in an elimination of checks and balances by removing competition. This yields lower quality services and higher prices than occur where competition is allowed to function. This is particularly true where the contracts are negotiated by the parties who will benefit and are then in effect forced on renters in the form of supplied video (or other similar services) or forced on homeowners in the form of a mandatory Homeowner's Association that provides video and other services which the homeowner can not opt out of and must pay for.

I have experienced this both as a renter and as a homeowner. Both cases were in the Washington, DC metropolitan area where other providers existed nearby providing similar services. My experience has been that in both cases the video (and other services) provided were inferior to what was available in the same area where competition prevailed. As a renter (in 2001), the provided video services had only about half the channels compared to what was available via the local cable provider's basic cable; this doesn't count what was available locally via digital cable service. When I asked about getting local cable (available across the street) I was told that it was not allowed, so I was stuck with the available service. The lack of competition and the associated checks and balances resulted in horrible (video) services to the consumer.

For the last two years or so, I have been a home owner in an area where the video, phone, and internet services are provided by an exclusive contractor under the guise of a homeowner's association. This "homeowner's association" exists only to collect money for these services and is not controlled by the homeowners; it is controlled by people who get a portion of the money from the services. Cost comparisons to other locally available services have been done. This is somewhat difficult to do since the current exclusive service is inferior to the competitors, but if that is ignored, the cost of services is at

least 20% higher than other locally provided alternatives. While there is the option of paying for satellite (the only allowable alternative) there is no way to opt out of paying for services that would then not be used. This is structured to only guarantee income to the provider; the lack of competition with the corresponding loss of checks and balances results in inferior services and a lack freedom of choice of providers or services.

So, in summary, I wholly support the proposed ruling in FCC 07-189, "Exclusive Service Contracts for Provision of Video Services in Multiple Dwelling Units and Other Real Estate Developments" (MB Docket No. 07-51). Furthermore, this ruling should explicitly apply to services provided via "homeowner's associations" and should be expanded to cover provision of other services provided via exclusive service contracts such as telephone and internet.